

Remarks

The Office Action mailed April 8, 2005 and made final has been carefully reviewed and the foregoing amendment has been made in consequence thereof.

Applicants and the undersigned wish to express their appreciation to the Examiner for the courtesies he extended during a telephone interview that occurred on August 22, 2005. During the interview, the Final Office Action dated April 8, 2005 was discussed. More specifically, the undersigned discussed the Section 101 rejection of Claims 1-9 and the Section 112 rejection of Claims 1-27.

With respect to the Section 101 rejection, the Examiner advised that the Section 101 rejection of Claims 1-9 should be withdrawn because Claim 1 is directed to a practical application in the technological arts. Specifically, the undersigned and the Examiner discussed the fact that Claim 1 includes the recitation “...*(c) using the computer to statistically infer a value* for each asset included within a third portion of the asset portfolio based on the first valuation methodology...”, and therefore, Claim 1 is directed to a practical application in the technological arts. The Examiner agreed to withdraw the Section 101 rejection.

The following remarks have been made in consequence of the Examiner Interview. Accordingly, Applicants respectfully submit that the present patent application is in condition for allowance.

Claims 1-27 are pending in this application. Claims 1-27 stand rejected.

In accordance with 37 C.F.R. 1.136(a), a two month extension of time is submitted herewith to extend the due date of the response to the Office Action dated April 8, 2005, and made final for the above-identified patent application from July 8, 2005, through and including September 8, 2005. In accordance with 37 C.F.R. 1.17(a)(3), authorization to charge a deposit account in the amount of \$450.00 to cover this extension of time request also is submitted herewith.

The rejection of Claims 1-27 under 35 U.S.C. § 112, first paragraph, is respectfully traversed.

Applicants respectfully submit that the specification meets the requirements of Section 112, first paragraph. Specifically, Applicants respectfully submit that the specification, including the Figures, would enable one skilled in the art to make and/or use the invention as described in the present patent application. Accordingly, Applicants respectfully request that the rejection of Claims 1-27 under Section 112, first paragraph, be withdrawn.

The Office Action asserts on page 2 that the claims contain “subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention...Particularly ‘value for the assets included within the portfolio having a confidence level greater than a confidence level’ is not clear....”

Applicants respectfully traverse this assertion. Applicants have amended independent Claims 1, 10 and 19. For example, independent Claim 1 recites in relevant part as follows:

...selecting the valuation methodology that produces a value for each of the assets included within the portfolio having *a corresponding confidence level greater than a confidence level for any of the other valuation methodologies used for valuing the corresponding asset*, wherein the confidence level represents a probability that the value assigned to the asset is accurate.... (Emphasis added.)

In other words, the valuation methodology selected from the plurality of valuation methodologies used for valuing assets within a portfolio is the valuation methodology that produces a value for each of the assets that also has a corresponding confidence level greater than a confidence level for any of the other valuation methodologies used for valuing the corresponding asset, wherein the confidence level represents a probability that the value assigned to the asset is accurate.

Applicants respectfully submit that the originally filed specification provides support for the recitations included in the present claims. Specifically, Applicants submit that the recitation that provides for the “confidence level” is fully supported by the originally filed specification.

For example, page 17, line 27 to page 19, line 8 of the originally filed patent application provides in relevant part as follows:

Many methods may be employed to establish asset value. Depending upon the objectives of the valuation, the relative merits of different valuation methodologies establish the desirability of the valuation techniques for a particular asset. *One methodology is similar to a "food chain" which preserves assumption development methods yet selects the intervals with the highest confidence intervals.*

In one introductory illustrative example of a food chain, one may prefer to value a financial asset more by what similar assets trade in the open market for versus an individual's opinion. In rank order, the market-to-market value is selected over an individual's opinion.

In the same way assets in a portfolio with a forecasted cash flow recovery may be evaluated by a number of valuation techniques. *The typical objective is to establish, with as high a probability available, what the future cash flow will be. The valuation methodologies are ranked in order of their capability to accurately quantify cash flow, or cash equivalent, forecasts with the least downside variances and/or maximum upside variances. The asset is valued by all available methods that have merit, or may have business logic rules to eliminate duplicate work when it is known that more accurate methods will preclude the need to assess an asset's valuation once the best method has been employed.*

In order to provide the best forecast of asset value, assets are evaluated by each method within a food chain until such time as they are valued by the best available method for each particular asset. Once this best value is found, the asset is said to have its value, irrespective to other values lower (with more variance) in the food chain and is sent to the completed state.

As an example, a portfolio of assets is evaluated using a food chain. *The first valuation method in the food chain is the one which most closely matches the valuation objectives – namely to find the value with the highest degree of accuracy (tightest confidence interval).* As soon as the asset is valued by a methodology for which a value was established for that unique asset, it is sent to the valuation table and removed from any further steps in the food chain. A list of assets from the original portfolio that did not match any valuation methods is kept in the untouched asset table. The objective is to drive this untouched table to zero assets.

One example of a food chain is as follows, in order of preference. (a) 100% cash in hand for the asset, (b) partial cash in hand for the asset, (c) liquid market value for like asset, (d) direct underwrite, and (e) inferred underwrite.

The food chain approach provides an ability to find the best probability distribution shape, reduces probability distribution variance (especially on

the downside tails), provides capability to establish probability distributions quickly while preserving all available knowledge in the constituencies and provides the ability to provide the best estimate of value at any point in the discovery process. (Emphasis added.)

By way of further example, the originally filed specification provides support for the “confidence level” recitation in the claims at page 10, line 16 to page 11, line 6. Specifically, page 10, line 16 to page 11, line 6 of the originally filed patent application provides in relevant part as follows:

Every cluster’s unique attributes contribute to a valuation of cluster value. *Different combinations of attributes provide a higher confidence or confidence interval of a particular cluster’s score. For example, if any asset was described as a green piece of paper with height equal to 2.5” and width equal to 5” – one might ascribe a value of 0 to 1000 dollars and place very little confidence in this assessment. If this same asset was described with one more fact or attribute or vector as being a real \$20 US bill, one would place a very high confidence factor on this cluster value of \$20 US dollars.*

A cluster’s valuation and confidence is determined at a point in time and recorded. Sometimes new information becomes available and the analyst would like to alter the value(s). The value is altered manually or automatically with a data field and decision rules, in the automated fashion via computer code. The prior values are manipulated to reflect new information. As an illustrative example, assume the prior cluster confidence was recorded at 0.1 and it is learned that a different asset with exact descriptive attributes as in this cluster just sold for over the predicted “most probable” value. Rules were in effect such that if this event occurred, cluster confidence is multiplied by 10. $0.1 \times 10 = 1$ which is the revised cluster confidence.

The purpose of such a process is to reconcile multiple scores for the same asset, controlling for the confidence associated with each source of valuation of each dimension of valuation. (Emphasis added.)

In other words, according to the originally filed specification, the valuation methodology selected for assigning a value to each of the assets included within a portfolio is the valuation methodology that produces a confidence level greater than the confidence level for any of the other valuation methodologies used for valuing the corresponding asset, wherein the confidence level represents a probability that the value assigned to the asset is accurate. Accordingly, the originally filed specification supports the recitation “a corresponding confidence level greater

than a confidence level for any of the other valuation methodologies used for valuing the corresponding asset”.

Applicants therefore respectfully submit that the originally filed specification provides support for the recitations included in the present claims. Specifically, Applicants submit that the recitation “a corresponding confidence level greater than a confidence level for any of the other valuation methodologies used for valuing the corresponding asset” is fully supported by the originally filed specification and is not new matter.

For at least the reasons set forth above, Applicants submit that the specification meets the requirements of Section 112, first paragraph. Specifically, Applicants respectfully submit that the specification, including the Figures, would enable one skilled in the art to make and/or use the invention as described in the present patent application. Accordingly, Applicants respectfully request that the rejection of Claims 1-27 under Section 112, first paragraph, be withdrawn.

The rejection of Claims 1-27 under 35 U.S.C. § 112, second paragraph, is respectfully traversed.

Applicants respectfully submit that Claims 1-27 satisfy section 112, second paragraph. More specifically, Applicants respectfully submit that Claims 1-27 are definite and particularly point out and distinctly claim the subject matter of the invention. The Office Action asserts on page 2 that the Claims 1-27 are “indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention...Particularly; **confidence level greater than a confidence level**”.

Applicants respectfully traverse this assertion. As stated above, Applicants have amended independent Claims 1, 10 and 19. For example, independent Claim 1 recites in relevant part as follows:

...selecting the valuation methodology that produces a value for each of the assets included within the portfolio having *a corresponding confidence level greater than a confidence level for any of the other valuation methodologies used for valuing the corresponding asset*, wherein the confidence level represents a probability that the value assigned to the asset is accurate.... (Emphasis added.)

In other words, the valuation methodology selected from the plurality of valuation methodologies used for valuing assets within a portfolio is the valuation methodology that produces a value for each of the assets that also has a corresponding confidence level greater than a confidence level for any of the other valuation methodologies used for valuing the corresponding asset, wherein the confidence level represents a probability that the value assigned to the asset is accurate. The originally filed specification provides support for this amendment as shown above.

For at least the reasons set forth above, Applicants submit that the claims meet the requirements of Section 112, second paragraph. Specifically, Applicants respectfully submit that Claims 1-27 are definite and particularly point out and distinctly claim the subject matter of the invention. Accordingly, Applicants respectfully request that the rejection of Claims 1-27 under Section 112, second paragraph, be withdrawn.

The rejection of Claims 1-9 under 35 U.S.C. § 101 as being directed to non-statutory subject matter is respectfully traversed.

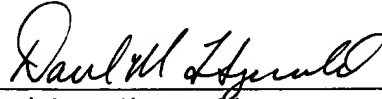
As discussed above, the Examiner and the undersigned discussed the Section 101 rejection of Claims 1-9 during a telephone interview that occurred on August 22, 2005. During the interview, the Examiner advised that the Section 101 rejection of Claims 1-9 should be withdrawn because Claim 1 is directed to a practical application in the technological arts. Specifically, Claim 1 includes the recitation “...(c) *using the computer to statistically infer a value* for each asset included within a third portion of the asset portfolio based on the first valuation methodology...”, and therefore, Claim 1 is directed to a practical application in the technological arts. Accordingly, for at least the reasons set forth above, Applicants respectfully submit that the Section 101 rejection of Claim 1 be withdrawn.

Dependent Claims 2-9 depend from independent Claim 1, and these dependent Claims are submitted to satisfy the requirements of Section 101 for the same reasons set forth above with respect to independent Claim 1.

For at least the reasons set forth above, Applicants respectfully request that the Section 101 rejection of Claims 1-9 be withdrawn.

In view of the foregoing amendments and remarks, all the claims now active in this application are believed to be in condition for allowance. Reconsideration and favorable action is respectfully solicited.

Respectfully Submitted,



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